

## **The complaint**

Mrs J complains she was misled by Barclays Bank Plc (trading as Barclays Smart Investor) in respect of her eligibility to take up an offer to purchase further shares. She says this has prevented her from receiving future profits as she wasn't able to take up her entitlement.

## **What happened**

In April 2023, Mrs J opened a Barclays stocks and shares ISA. Over the following months she purchased shares (over several transactions) in a company she had been following as she had a specific interest in them.

On 29 September 2023, the company made an announcement as an open offer, to all the existing shareholders, to purchase a further six shares for every share held. She checked her online Barclay's account for details of how she could take up the offer.

On 3 October 2023 she received notification in her account through "Corporate Activities" on her ISA account.

On 5 October 2023, Mrs J attempted to take up her full entitlement but wasn't able to complete the transaction. She contacted Barclays to attempt to resolve things but was told her ISA had reached its limit and she was unable to move the entitlement to another account.

Over the next few days, she made several attempts to resolve the issue with Barclays with no success, and she was unable to meet the deadline to take up her entitlement. Following this she raised concerns about how things had been handled. She was concerned about losing out on future profits if she was unable to take up her full entitlement. Barclays said it would refer the concerns to its complaint team.

As Barclays didn't resolve the complaint to Mrs J's satisfaction, she referred it to this service for an independent review.

In its submission to this service, Barclays said Mrs J was unable to take her shares as she had fully subscribed her ISA allowance, so was unable to fund it further in the current tax year. It also said it couldn't spread the option across her ISA and a General Investment Account (GIA), to allow some to be taken inside and some to be taken outside the ISA – because it was an open offer.

One of our investigators looked into the complaint. He upheld the complaint in part. In summary he found Barclays hadn't acted unfairly by not allowing Mrs J to take up the offer entitlements from the shares in her ISA to be transferred into a GIA. But he did think Barclays had caused her distress and inconvenience in the way it handled her queries. He recommended that it pay her compensation of £250 for this.

Mrs J didn't agree with the conclusion reached by the investigator. In summary she said

- She was only aware she would be entitled to the offer when it was formally

announced in September 2023, and she purchased the shares from June 2023, so it would be unfair to expect her to check her entitlement with Barclays before she did. She had no reason to think she wouldn't be able to receive her entitlement when it became available.

- She was aware her full ISA allowance had been used up, but she wasn't aware or informed that she could not take up any open offer, even in the GIA. Had she known this or been informed by Barclays, by way of its website or terms and conditions, she would have gone to a different investing platform.

As no agreement could be reached the complaint has been referred to me to reach a decision.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The crux of this complaint is about Mrs J not being able to take up an entitlement of shares from the open offer. I've considered the circumstances to reach a finding on whether a failing by Barclays has resulted in Mrs J not being able to take up her entitlement.

Mrs J's entitlement was as a result of a corporate action communicated to the stock exchange at the end of September 2023, and it provided an open offer to existing shareholders that said:

*"The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire, in aggregate, 689,102,532 Open Offer Shares at a price of 1 pence per Open Offer Share. The Open Offer is being made on the basis of 6 Open Offer Shares for every 1 Existing Ordinary Share held by Qualifying Shareholders on the Record Date."*

An open offer (also known as an entitlement issue) is a type of corporate action that is used to raise money by a company by offering its existing shareholders the right to buy new shares at a discount to the market price. The shareholder can either choose to take up the entitlement or let the offer lapse.

From reading her submissions, it is clear that Mrs J wanted to take advantage of the opportunity to increase her shareholding. And it does seem she had some awareness that there may be some kind of share issue in the future from her monitoring of the company in question. But I accept she only became fully aware of her entitlement at the point she was notified by Barclays there was a corporate action for her to review on her account.

Ultimately Mrs J wasn't able to take up her entitlement as she was unable to fund the purchase of further shares in her ISA account (in which she held the qualifying shares) as she had fully funded her allowance. I note she did open a GIA in an attempt to hold the shares in this account, but this also proved to be unsuccessful.

In short, Barclays position is that as this was an open offer it does not allow for new shares to be transferred to another account, in the situation where the ISA account is unable to hold them. So, for this reason it couldn't action Mrs J's request to take up her entitlement.

The terms and conditions don't cover the specific scenario this complaint relates to. But there is a section relating to corporate actions that has relevance. Essentially this confirms Barclays doesn't accept responsibility for any action taken in relation to these matters or regulatory requirements to.

The key factor for Mrs J not being able to take up her entitlement was the fact the product Mrs J held her shares in that provided her eligibility to the offer was an ISA. This type of product has a limit to the amount of funds that can be paid into in a financial year. As noted above, Mrs J has acknowledged that's she was aware her ISA was fully funded for the 2023/24 year. This restriction meant it wasn't possible for her to fund this account to purchase the new shares. I understand Mrs J's full entitlement would have required funding of around £100,000. So, it is clear due to the funding position of her ISA, she would not have been able to hold the new shares in this account. The decision on how to fund the ISA isn't something Barclays had any responsibility or involvement in. This was something Mrs J decided when she made her investment decisions.

I note Mrs J did open a GIA in attempt to try and find a different way to take up the entitlement. The call transcripts I've seen indicate that during the 6 October call the phone handler did speak to an expert team to attempt to find a satisfactory resolution. I can see it was explained this team was looking to see if it would be possible to move the existing shares over to the GIA through a sell and re-buy transaction, but Mrs J was told even if she was to sell and then buy them again, there wouldn't be enough time for the trades to settle for the cash to clear. I acknowledge Mrs J feels Barclays should have allowed her to receive the new shares into the GIA she opened. But as mentioned above, Barclays has explained it cannot offer to split the option across the ISA and a GIA, to allow some to be taken inside and some to be taken outside the ISA. It says the particular type of corporate event (an open offer) is the reason why it can't be split.

Essentially, Barclays has made a commercial decision in respect of how it deals with open offers. I understand Barclays says it is able to decide how it operates its accounts. While it still needs to treat Mrs J fairly, I don't find it had an obligation to allow a transfer of shares to the GIA. I appreciate Mrs J's frustration with the situation, but overall, I don't find this means she was treated unfairly. I can see attempts were made to help support her, but ultimately due to the circumstances and short timescales involved it wasn't possible for her to take up any of her entitlement. Mrs J has raised a point about other firms allowing transfers between accounts. I don't think this means that Barclays must also, so it follows that I don't think it is at fault here. The scenario that played out was not anticipated at the time she opened her ISA in April 2023, so I don't think it was something Barclays needed to warn Mrs J about.

In conclusion on this issue, it is very unfortunate, and I understand Mrs J's frustration, but I don't think the balance of evidence supports that a failing by Barclays is the reason she was unable to take up her entitlement. For this reason, I don't think she's suffered a financial loss as a result of anything Barclays did wrong

But as the investigator highlighted, the way Barclays dealt with Mrs J's queries did result in her suffering confusion and frustration. I note she held several lengthy calls, spending time on hold with Barclays trying to resolve the issues. And I can see at one point she was led to believe it would be possible for her to receive the shares in her GIA. She proceeded with a GIA opening application that was ultimately didn't help her take up her entitlement. I think this added to her frustrations. The consistency of the messaging for the failure to receive the shares also wasn't as clear as it could have been. I also note the written explanation she received as part of the complaint process failed to set out the reasons for Barclays not supporting the share purchase. Instead, it suggests the matter was resolved and closed, which it clearly wasn't as Mrs J was still seeking an explanation in the hope she could take up her entitlement. It is clear to me this was a stressful time for Mrs J, as she was working against a deadline to obtain her entitlement of shares. Overall, I think Barclays handling of her queries did contribute to the stress and upset she suffered.

Having considered everything, I think it is fair and reasonable that Barclays compensate Mrs J for the distress and inconvenience she has suffered as a result of its handling of the

situation. The investigator recommended a payment of £250. I agree this amount fairly reflects the impact of what happened, so Barclays need to pay this to Mrs J.

In conclusion, I uphold this part of the complaint, and direct Barclays to pay the compensation I've set out above as a resolution.

### **My final decision**

I uphold this complaint and direct Barclays Bank Plc to pay Mrs J £250 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 5 December 2024.

Daniel Little  
**Ombudsman**